

PUBLIC DISCLOSURE

March 21, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

EVERETT CO-OPERATIVE BANK

419 BROADWAY
EVERETT, MA 02149

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") to use its authority when examining financial institutions subject to its supervision to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **Everett Co-operative Bank (or the "Bank")** prepared by the Division, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated "Outstanding"

The Bank's net loan-to-deposit ratio has averaged 75.9 percent for the period March 31, 2003 to December 31, 2004. The ratio has fluctuated slightly during the time period reviewed and, as of December 31, 2004, the ratio was 77.5 percent. These ratios demonstrate the Bank's willingness to extend credit. Based on this information and other information described below, performance under this criterion meets the standards for satisfactory performance.

Based on the 2003 and 2004 residential loan review of loans required to be reported under the Home Mortgage Disclosure Act ("HMDA"), 55.7 percent of the Bank's originations were inside the assessment area. This volume of loans is considered to be good for an institution of this size with only one office. Everett Co-operative Bank meets the standards for satisfactory performance in this criterion.

The distribution of loans to borrowers of different income levels, considering the products the Bank offers, represents an excellent penetration among the various income levels in the assessment area. An analysis of mortgage originations for 2003 and 2004 throughout the assessment area indicated that 30.4 percent were granted to low and moderate-income borrowers. Based on the above information as well as the facts presented in the following evaluation, Everett Co-operative Bank is considered to exceed the standards for satisfactory performance in this criterion.

The Bank achieved an excellent dispersion of lending within census tracts of different income levels, particularly moderate-income tracts. The Bank granted 82.0 percent of its total loans within moderate-income census tracts. This percentage exceeds the aggregate distribution throughout moderate-income tracts. Everett Co-operative Bank is considered to exceed the standards for satisfactory performance in this criterion.

A review of the Bank's public comment file showed that the Bank received no complaints pertaining to the institution's CRA performance since the previous examination. In addition, a review of the Bank's residential loan application files was conducted to evaluate fair lending issues. There were no discriminatory practices evident in the file review.

GENERAL INFORMATION (CONTINUED)

Also considered in the overall rating were the Bank's services and investments. Everett Co-operative Bank's activities in these areas enhance credit availability within its assessment area and contribute to the overall rating of "Outstanding".

PERFORMANCE CONTEXT

Description of Institution

Everett Co-operative Bank is a full-service mutually owned state chartered co-operative bank headquartered at 419 Broadway in Everett, Massachusetts. The Bank's sole office is located in a moderate-income census tract. As of December 31, 2004, assets totaled \$214,436,000 of which 68.0 percent are in the form of net loans.

Refer to the following table for additional information on the breakdown of loans.

Loan Portfolio Composition

Loan Type	Amount (000s)	Percent
One to Four-Family Residential Mortgages	\$ 101,935	69.2%
Secured by Multifamily (5 or more)	\$ 15,282	10.4%
Equity Lines of Credit	\$ 15,167	10.3%
Secured by nonfarm nonresidential properties	\$ 11,794	8.0%
Commercial Loans	\$ 2,119	1.4%
Consumer Loans	\$ 964	0.7%
Total Gross Loans	\$ 147,261	100.0%

Source: December 31, 2004 Consolidated Report of Condition.

Everett Co-operative Bank is primarily a residential lender with 69.2 percent of its loans consisting of 1-4 family residential mortgages, followed by multi-family loans with 10.4 percent, and equity lines of credit with 10.3 percent.

Everett Co-operative Bank has strong competition from several financial institutions within its assessment area. These financial institutions include but are not limited to the following: Eagle Bank; BankMalden-A Co-operative Bank; Melrose Co-operative Bank; and Chelsea Provident Co-operative Bank, as well as representatives of regional and national banking and mortgage companies. The market influence from these institutions appears to be significant, and as a result, serves to keep the Bank's offered rates and services competitive.

Market share information obtained from PCI Services, Inc. CRA WIZ, based on 2003 aggregate performance data indicates that 417 mortgage companies, savings banks, commercial banks, cooperative banks, and credit unions have either originated or purchased residential mortgage loans within the Bank's assessment area.

There are no significant financial or legal impediments, which limit the Bank's ability to help meet the credit needs of the community. The Bank's most recent CRA evaluation, performed by the Federal Deposit Insurance Corporation ("FDIC") as of June 4, 2003 assigned the institution a rating of "Outstanding". The previous evaluation performed by the Division as of January 20, 1999 also assigned Everett Co-operative Bank a rating of "Outstanding".

PERFORMANCE CONTEXT (CONTINUED)

Description of Assessment Area

CRA requires financial institutions to define an assessment area within which its performance will be evaluated. The Division evaluates the institution's CRA performance based on this assessment area. Everett Co-operative Bank's assessment area consists of the cities and towns of Everett, Melrose, Malden, Medford, and Somerville in Middlesex County, and Chelsea, Revere, and Winthrop in Suffolk County. In 2003, these cities and towns were situated within the Boston Metropolitan Statistical Area ("MSA").

The Office of Management and Budget ("OMB") establishes MSAs for statistical reporting purposes by federal and state agencies. In 2004, OMB reconfigured the MSAs nationwide determining all MSA's (and their subdivisions) would be based on county boundaries. Consequently, the Bank's assessment area is now situated within the Cambridge-Newton-Framingham, MA Metropolitan Division ("MD") as well as the Boston MA MD.

The examiners utilized the 2000 census data when analyzing the Bank's 2003 and 2004 HMDA data. According to the 2000 census data, the population of the Bank's assessment area was 355,420, of which 25.4 percent were minorities. The assessment area consists of 65 census tracts. In 2003, 4 of these census tracts or 6.2 percent were low-income; 31 of the census tracts or 47.7 percent were moderate-income; 29 or 44.6 percent of the census tracts were middle-income; and 1 or 3.1 percent was considered an upper-income census tract. With the change in designation, in 2004, 2 census tracts or 3.1 percent are now considered low-income; 37 census tracts or 56.9 percent are considered moderate-income; and 26 census tracts or 40.0 percent are considered middle-income.

Refer to the following table regarding housing characteristics according to 2000 Census Data.

Geographic Income Category	<i>Selected Housing Characteristics by Income Category of the Geography</i>					
	<i>Census Tracts (2003)</i>	<i>Census Tracts (2004)</i>	<i>House holds</i>	<i>Housing Units</i>	<i>Owner- Occupied</i>	<i>Rental Units</i>
<i>Low</i>	6.2%	3.1%	29.5%	5.4%	3.0%	7.3%
<i>Moderate</i>	47.7%	56.9%	20.9%	51.4%	46.1%	55.6%
<i>Middle</i>	44.6%	40.0%	19.5%	41.6%	47.9%	36.7%
<i>Upper</i>	1.5%	0.0%	30.1%	1.6%	3.0%	0.4%
<i>Total or Median</i>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: 2000 U.S. Census

PERFORMANCE CONTEXT (CONTINUED)

Description of Assessment Area (Continued)

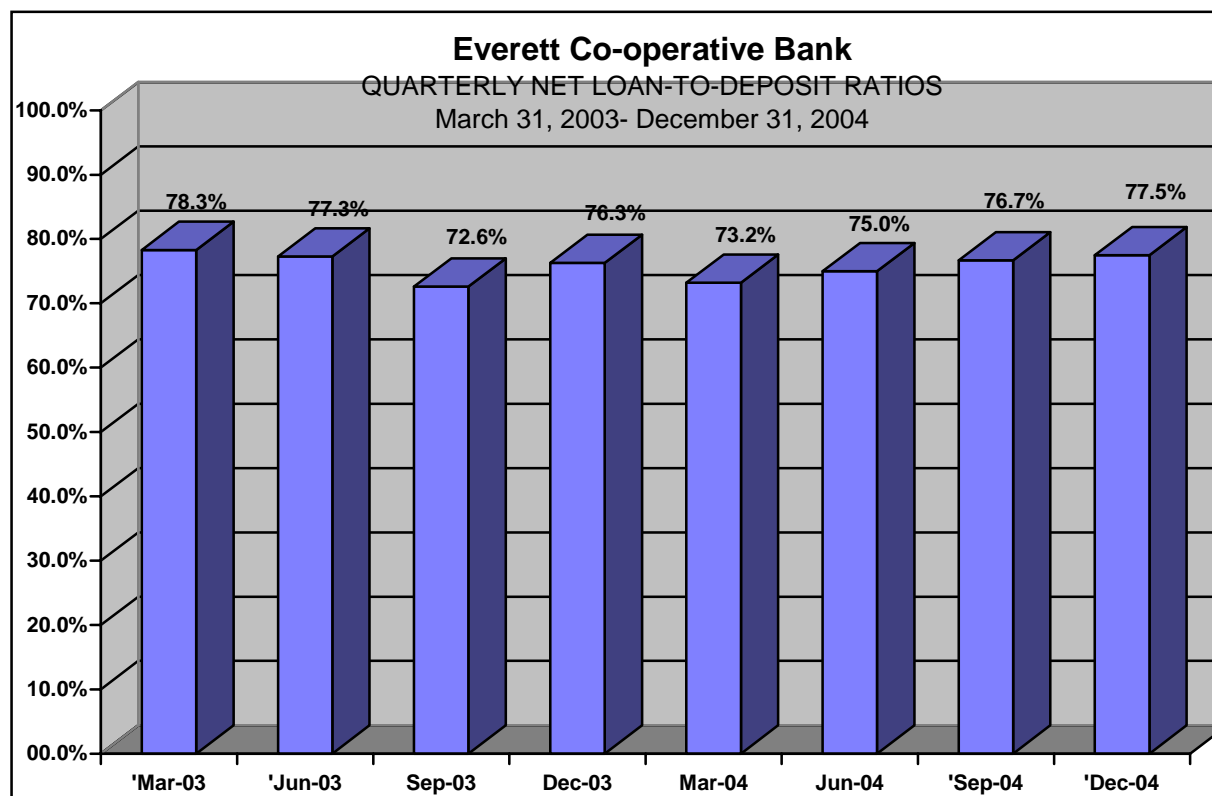
The median family income for the Boston MSA in 2003 was \$80,800. The median family incomes for the Cambridge-Newton-Framingham, MA MD as well as the Boston MA MD in 2004 were \$79,983 and \$75,300, respectively. The income figures are based on estimated Department of Housing and Urban Development ("HUD") information. Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

The Bank's assessment area has a total of 146,636 households of which 29.5% are low-come; 20.9% are moderate-income; 19.5% are middle-income; and 30.1% are upper-come.

PERFORMANCE CRITERIA

1. LOAN TO DEPOSIT ANALYSIS

A comparative analysis of Everett Co-operative Bank's quarterly net loan-to-deposit ratios for the period of March 31, 2003 through December 31, 2004 was conducted during this examination. Using the Bank's quarterly Call Reports, the average net loan to-deposit ratio for this period is 75.9 percent. This ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses (ALLL) as a percentage of total deposits. The following graph is provided for further analysis.



The net loan to deposit ratio stood at 77.5 percent as of December 31, 2004. The dollar amount for the Bank's loans and deposits as of March 31, 2003, was compared to that of December 31, 2004. This comparison revealed that deposits have increased by 15.7 percent, while net loans for the same period have increased by 14.6 percent. Additionally, the Bank's ratios have been increasing each quarter starting at 73.2 percent as of March 31, 2004 and ending at 77.5 percent on December 31, 2004.

Everett Co-operative Bank's net loan to deposit ratio was compared to the ratios of four other area institutions. Although these institutions are all located within the Bank's assessment area, their business strategies may be different from that of Everett Co-operative Bank's and in addition, the asset sizes may also vary. These institutions are all considered to be strong competitors of Everett Co-operative Bank.

PERFORMANCE CRITERIA (CONTINUED)

1. LOAN TO DEPOSIT ANALYSIS (CONTINUED)

Please refer to the following table for more details.

INSTITUTION	<u>NET LOAN-TO-DEPOSIT RATIO</u>
Chelsea Provident Co-operative Bank	88.4%
Everett Co-operative Bank	77.5%
Winter Hill Federal Savings Bank	73.8%
Melrose Co-operative Bank	65.6%
Eagle Bank	46.8%

Source: Call Reports as of December 31, 2004

Everett Co-operative Bank has a correspondent purchase agreement with Plymouth Savings Bank. During 2003 and 2004, Everett Co-operative Bank assigned 285 mortgages totaling approximately \$52,574,136 to Plymouth Savings Bank. By allocating these mortgages to Plymouth Savings Bank, Everett Co-operative Bank creates more liquidity to fund additional loans.

Based on the above information and Everett Co-operative Bank's capacity to lend, the strong competition from other institutions in the assessment area, demographic and economic factors present in the assessment area, and the lending opportunities available in the assessment area, the Bank's net loan to deposit ratio is considered to meet the standards for satisfactory performance.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

Everett Co-operative Bank's 2003 and 2004 HMDA Loan Application Registers ("LAR"s) were reviewed to determine the amount of mortgage credit extended within the Bank's assessment area. During this period, the Bank originated 449 HMDA reportable loans totaling approximately \$104,534,000. Of these loans, 250 or 55.7 percent were originated inside the Bank's assessment area totaling \$51,061,000 or 48.8 percent of the total dollar amount.

Refer to the following table for additional information regarding the Bank's HMDA reportable lending, by both number and dollar volume.

Distribution of Home Mortgage Loans Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
2003	145	55.6%	30,586	50.5%	116	44.4%	29,942	49.5%
2004	105	55.9%	20,475	46.5%	83	44.1%	23,531	53.5%
Total	250	55.7%	51,061	48.8%	199	44.3%	53,473	51.2%

Source: 2003/2004 HMDA DATA

PERFORMANCE CRITERIA (CONTINUED)

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S) (CONTINUED)

As indicated in the table above, a majority of the Bank's loans originated during the examination period were inside the Bank's assessment area. The number of loans has decreased by 28.0 percent from 2003 to 2004. Similarly, by dollar volume, the Bank's HMDA reportable loans decreased by 27.2 percent for the same time period. The decrease in loans from 2003 to 2004 is due primarily to the rising interest rate environment. An additional analysis from CRA WIZ indicated that Everett Co-operative Bank was ranked 51st in 2003 within the assessment area. The Bank's market share is impacted by its practice of assigning many fixed rate mortgages to Plymouth Savings Bank. The top three HMDA reportable lenders within the assessment area were Countrywide Home Loans, Washington Mutual Bank FA, and GMAC Mortgage Corporation.

Although Everett Co-operative Bank's percentage of lending inside the assessment area is just slightly above fifty percent, the volume of loans is considered to be very good for an institution with only one office.

Based on the above information, the analysis indicates that the Bank's comparison of credit extended inside and outside of the assessment area is considered to meet the standards for satisfactory performance.

3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

The Bank's HMDA reportable loans were further analyzed to determine the distribution of lending by borrower income level. The borrowers' reported incomes for 2003 were compared to the median family incomes for the Boston, MA MSA and for 2004 the Bank's activity was compared to the median family incomes for Cambridge-Newton-Framingham, MA MD as well as the Boston-Quincy MA MD. The income figures are based on estimated HUD information. Refer to the following table for additional information of the median family incomes for the time periods reviewed.

MSA / MA MD	2003	2004
Boston MSA	\$80,800	-
Cambridge-Newton-Framingham MA MD	-	\$79,983
Boston-Quincy MA MD		\$75,300

PERFORMANCE CRITERIA (CONTINUED)

3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS (CONTINUED)

The following table shows, by number, HMDA reportable loans to low, moderate, middle and upper-income borrowers in comparison to the percentage of total households within the assessment area in each respective income group.

Distribution of HMDA Reportable Loans Within the Assessment Area to Borrowers of Different Income Levels by Number

Borrower Income Level	Total Households		2003		2004		Total	
	#	%	#	%	#	%	#	%
< 50%	43,305	29.5%	11	7.6%	14	13.3%	25	10.0%
50 – 79%	30,676	20.9%	26	17.9%	25	23.8%	51	20.4%
80 – 119%	28,571	19.5%	45	31.0%	35	33.3%	80	32.0%
> = 120%	44,084	30.1%	50	34.5%	21	20.0%	71	28.4%
N/A	0	0.0%	13	9.0%	10	9.6%	23	9.2%
Total	146,636	100.0%	145	100.0%	105	100.0%	250	100.0%

Source: HMDA/LAR Data for the period 1/1/03 to 12/31/04

During 2003 and 2004, Everett Co-operative Bank extended 25 HMDA reportable loans to low-income borrowers representing 10.0 percent of total originations within the assessment area. Although this percentage is below the 29.5 percent of low-income households within the assessment area, there are mitigating factors present that account for this disparity. These mitigating factors include strong competition in the area; the percentage of people living below the poverty level who cannot afford to purchase or refinance a home; as well as the high cost of homes within the assessment area.

The Bank extended 51 loans to moderate-income borrowers, representing 20.4 percent of the HMDA reportable originations inside the assessment area. The number of loans to moderate-income borrowers is comparable to the 20.9 percent of moderate-income households within the assessment area.

The distribution of the Bank's loans among various borrower income levels may also be compared to that of all other HMDA-reportable lenders in the assessment area. Other HMDA reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions, and mortgage companies. The most recent data for this comparison is 2003.

The following table shows the Bank's distribution of loans among various income levels compared to that of the other HMDA reportable lenders throughout the Bank's assessment area in 2003.

PERFORMANCE CRITERIA (CONTINUED)

3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

Distribution of HMDA Reportable Loans by Income Level Everett Co-operative Bank Compared to All Other Reporters – Assessment Area								
Median Family Income Level	Number of Loans				Dollar Amount of Loans			
	Everett Co- operative Bank		All Other Reporters		Everett Co- operative Bank		All Other Reporters	
	#	%	#	%	\$(000)	%	\$(000)	%
Low	11	7.6%	2,659	7.5%	987	3.2%	366,610	4.7%
Moderate	26	17.9%	8,696	24.5%	3,954	12.9%	1,608,643	20.8%
Middle	45	31.0%	10,597	29.8%	8,485	27.8%	2,326,156	30.2%
Upper	50	34.5%	8,705	24.5%	11,075	36.2%	2,179,367	28.3%
NA	13	9.0%	4,883	13.7%	6,085	19.9%	1,233,491	16.0%
Total	145	100.0%	35,540	100.0%	30,586	100.0%	7,714,267	100.0%

Source: HMDA\LAR 2003 HMDA Aggregate Data

As shown above, the Bank's percentage of lending to borrowers of low-income is similar to the aggregate by number and dollar amount for 2003. Everett Co-operative Bank originated 7.6 percent by number and 3.2 percent by dollar amount of the total loans within the assessment area to low-income borrowers, compared to the aggregate with 7.5 percent by number and 4.7 percent by dollar amount.

The Bank's HMDA reportable loans originated during 2003 to moderate-income borrowers accounted for 17.9 percent by number and 12.9 percent by dollar amount within the assessment area. Both number and dollar volume are below the aggregate's lending to moderate-income borrowers for 2003, as 24.5 percent by number and 20.8 percent by dollar volume of the aggregate's lending were originated to moderate-income borrowers.

An analysis was also performed to determine how the Bank's originations compare to the other 417 lenders within the assessment area. During 2003, Everett Co-operative Bank ranked 52nd in lending to low and moderate-income borrowers throughout the assessment area. The top three lenders in the assessment area for lending to low and moderate-income borrowers were Countrywide Home Loans, GMAC Mortgage Corporation, and GMAC Bank.

By operating out of only one location, Everett Co-operative Bank has originated relatively significant number of loans over the past two years. Many of these originations were within the assessment area and this level of originations is considered to be excellent when compared to other institutions of similar asset size. The percentages of loans to low and moderate-income individuals have increased significantly from the last examination and exemplifies Everett Co-operative Bank's mission to effectively penetrate the assessment area's credit needs.

PERFORMANCE CRITERIA (CONTINUED)

3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

Based on the above information, the Bank's lending to borrowers of different income levels, especially those of low and moderate-income, reflects an excellent performance. Therefore, Everett Co-operative Bank is considered to exceed the standards for satisfactory performance in this criterion.

4. GEOGRAPHIC DISTRIBUTION

The Bank's HMDA reportable loans located within the Bank's assessment area were further analyzed to determine their location by census tract income level.

The following table provides a breakdown by number of the Bank's HMDA reportable loan originations by census tract income level throughout the assessment area.

Distribution of HMDA Reportable Loans Within the Assessment Area by Census Tract Income Level by Number

Census Tract Income Level	2003		2004		Total	
	#	%	#	%	#	%
Low	4	2.8%	1	0.9%	5	2.0%
Moderate	113	77.9%	87	82.9%	200	80.0%
Middle	27	18.6%	17	16.2%	44	17.6%
Upper	1	0.7%	0	0.0%	1	0.4%
Total	145	100.0%	105	100.0%	250	100.0%

Source: HMDA/LAR Data 2003/2004

The geographic distribution of the Bank's loans by census tract category may also be compared to that of all other HMDA reportable lenders in the assessment area. Other HMDA reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions and mortgage companies. The most recent data available for this analysis relates to calendar year 2003 and is presented in the following table.

**Lending Within the Assessment Area by Census Tract Income Level
Everett Co-operative Bank Compared to All Other HMDA Reporters**

Census Tract Income Level	Number of Loans				Dollar Amount of Loans			
	Everett Co-operative Bank		All Other Reporters		Everett Co-operative Bank		All Other Reporters	
	#	%	#	%	\$(000)	%	\$(000)	%
Low	4	2.8%	1,272	3.6%	926	3.0%	261,968	3.4%
Moderate	113	77.9%	16,000	45.0%	22,651	74.1%	3,471,494	45.0%
Middle	27	18.6%	17,141	48.2%	6,729	22.0%	3,720,839	48.2%
Upper	1	0.7%	1,127	3.2%	280	0.9%	259,966	3.4%
Total	145	100.0	35,540	100.0	30,586	100.0	7,714,267	100.0

Source: HMDA/LAR Data for the period 1/1/03 to 12/31/03.

PERFORMANCE CRITERIA (CONTINUED)

4. GEOGRAPHIC DISTRIBUTION (CONTINUED)

As indicated in the above table, Everett Co-operative Bank originated 117 loans or 80.7 percent within low and moderate-income census tracts within the assessment area in 2003, which reflects a very strong performance by the Bank. The aggregate accounted for 48.6 percent by number of loans originated within low and moderate-income census tract within the assessment area for 2003.

As reflected in the tables above, the Bank's geographic distribution of loans reflect a more than reasonable dispersion throughout the assessment area's low and moderate-income census tracts. Therefore, Everett Co-operative Bank's performance is considered to exceed the standards for satisfactory performance in this criterion.

5. FAIR LENDING POLICES AND PRACTICES

A review of the Bank's public comment file indicated that the no complaints pertaining to its CRA performance were received since the previous examination. In addition, a review was conducted for compliance with fair lending regulations and no evidence of discrimination was detected.

Everett Co-operative Bank has a written Fair Lending Policy, which is incorporated into the Bank's Loan Policy. The Bank's Fair Lending Policy prohibits discrimination in all aspects of lending, and also provides guidance to Bank employees on how to comply with fair lending policies and procedures.

Everett Co-operative Bank markets its services and products to its community primarily through print advertisements.

Minority Application Flow:

Everett Co-operative Bank's LARs for 2003 and 2004 was reviewed to determine if the application flow from the different racial groups within the Bank's assessment area was reflective of the area's demographics. Each year had to be broken out separately because the designation of races changed with the new 2004 HMDA regulations. Of the total 170 HMDA reportable applications received from within the Bank's assessment area for 2003, 153 or 90.0 percent were from white applicants and 12 or 7.1 percent were from minority applicants. Of the total applications received from minority applicants, nine were originated, two were denied and one was closed for incompleteness.

PERFORMANCE CRITERIA (CONTINUED)

5. FAIR LENDING POLICES AND PRACTICES (CONTINUED)

Minority Application Flow: (Continued)

Everett Co-operative Bank's minority application flow in 2003 was also compared to all other HMDA reporting lenders accepting applications from within the Bank's assessment area. The Bank falls below the aggregate in lending to minority individuals. Refer to the following table for information on how the Bank compared to the aggregate in 2003.

Race	Aggregate Data 2003*		Bank 2003	
	#	%	#	%
<i>Native American</i>	149	0.3	0	0.0
<i>Asian</i>	1,991	4.0	3	1.8
<i>Black</i>	1,629	3.3	5	2.9
<i>Hispanic</i>	3,459	7.0	3	1.8
<i>Other</i>	1,434	2.9	1	0.6
Total Minority	8,662	17.5	12	7.1
<i>White</i>	29,839	60.5	153	90.0
<i>Not Provided</i>	8,032	16.3	1	0.6
<i>Not Applicable</i>	2,805	5.7	4	2.3
Total	49,338	100.0	170	100.0

2003 CRA WIZ Data

The 2004 LAR indicates that Everett Co-operative Bank had received 115 HMDA reportable applications. Of these applications, 101 or 87.8 percent were received from white applicants and 10 or 8.7 percent were from minority individuals. Of the ten minority applications, eight were originated and two were denied.

QUALIFIED INVESTMENTS AND SERVICES

Upon management's request, the Bank's performance in the area of qualified investments and services was reviewed. A qualified investment is a lawful investment, deposit, membership share or grant that has community development as its primary purpose. Community development includes affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, and activities that revitalize or stabilize low and moderate-income geographies. The evaluation of services includes the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. Community development services must relate to the provision of financial services.

QUALIFIED INVESTMENTS AND SERVICES (CONTINUED)

Investments:

Everett Co-operative Bank continues to maintain a \$25,000 investment in the Everett Development and Financial Corporation. This organization provides loans at below market rates to small businesses in the City of Everett, many of which are unable to obtain conventional financing.

Everett Co-operative Bank has extended several qualified grants and donations over the past two years that have benefited affordable housing groups, economic development organizations, and food pantries. During 2003 and 2004, the Bank extended approximately \$65,000 in charitable contributions, of which approximately \$35,000 were to qualified CRA organizations. Refer to the following for a representative sample of organizations:

Everett Council on Aging – This program provides transportation to doctor appointments for low and moderate-income individuals.

Malden & Mystic Valley Salvation Army – These agencies provide support programs primarily to low-income individuals.

The Community Family, Inc. – This non-profit organization provides adult day care services to low and moderate-income families.

Portal to Hope – This organization provides assistance to women who suffer domestic violence and have no alternatives in obtaining shelter, protection, food, and clothing.

Massachusetts Bankers Association CDNE Foundation – This foundation annually identifies and awards grants to certain non-profit organizations that provide community development services to low and moderate-income individuals.

Tri-City Mental Health and Retardation Services – This non-profit organization provides mental health and other specialized services to area residents, primarily low and moderate-income individuals.

Services:

Everett Co-operative Bank's only office is located in a moderate-income census tract in Everett, Massachusetts. Also, the Bank maintains an ATM at this office which is linked to the SUM network.

In addition to offering a totally free checking account and a free interest earning NOW Account with direct deposit, the Bank maintains regular and alternative delivery systems that are accessible to all portions of the assessment area.

QUALIFIED INVESTMENTS AND SERVICES (CONTINUED)

Services: (Continued)

Other banking alternatives offered by Everett Co-operative Bank include:

- Free online banking with bill paying services.
- Direct deposit into checking or savings accounts.
- A telephone banking program that allows access to account information, transfers between checking and savings accounts, and loan payments 24 hours a day.
- VISA debit card.
- Deposit and loan payments accepted by mail.
- A dedicated teller window for small business customers.
- An internet web site at www.everettbank.com.

Everett Co-operative Bank is a participant in the “Basic Banking for Massachusetts” program, which is a voluntary program designed to offer low and moderate-income individuals access to affordable banking products and services. Furthermore, the Bank offers free government check cashing services for non-customers.

Everett Co-operative Bank continues to support the “Savings Makes Cents” program at the Lafayette Elementary School. This program is aimed at improving the economic literacy of elementary school children.

The Bank continues to participate in the “Interest on Lawyers Trust Account” (IOLTA) program. This is an agreement with the Massachusetts Bar Association that allows for the interest paid on certain accounts to be used to provide legal assistance to low and moderate-income individuals.

Everett Co-operative Bank has employees that are able to provide translation services to local minority populations. Several of the employees are bilingual and can assist individuals with the following languages: Italian, Vietnamese, Portuguese, French, Russian, Arabic, Greek, Bulgarian, and Spanish.

The Bank maintains a teller window that provides access for customers with disabilities.

Flexible Lending Programs:

The use of innovative and flexible lending programs has helped the Bank meet the credit needs of low and moderate-income borrowers.

Everett Co-operative Bank is an approved Massachusetts Housing Finance Agency (“MHFA”) lender and originates low interest rate loans to low and moderate-income home buyers. The Bank closed one MHFA loan in 2004 totaling \$104,655.

QUALIFIED INVESTMENTS AND SERVICES (CONTINUED)

Flexible Lending Programs: (Continued)

Everett Co-operative Bank offers a first time home buyers program that provides individuals with mortgage loans. This program features discounted closing costs and interest rates. During 2003, 2004, and the first quarter of 2005, the Bank originated 26 loans totaling \$7,821,185 through this program.

The Bank is a lender/partner with Homeowners Options for Massachusetts Elders (HOME). The Bank works with this non-profit agency to deliver reverse mortgage options to elder homeowners. Although the Bank has not originated any reverse mortgages during the period reviewed, several potential applicants were referred to this agency for consideration.

Everett Co-operative Bank has an arrangement with Plymouth Savings Bank whereby the Bank originates fixed rate mortgage loans with its own documentation but with Plymouth Savings Bank's loan approval and funding. After origination, the documents are assigned to Plymouth Savings Bank. These loans are reported on the HMDA/LAR by Plymouth Savings Bank, as the ultimate credit decision is made by that bank. Therefore, these loans were not considered in the analysis for the lending test. However, this illustrates Everett Co-operative Bank's commitment to meeting the credit needs of individuals within its assessment area. During 2003 and 2004, the Bank prearranged 285 fixed rate mortgage loans totaling \$52,574,136.

Other Programs:

In February 2003 and 2004, Everett Co-operative Bank sent letters to all employees of the City of Everett offering a discount of \$250 to be used towards any mortgage product.

In October 2004, the Bank hosted a free Financial Seminar. Two of the Bank's directors, along with Bank management and staff donated their time and financial expertise to assist the attendees. Topics of discussion included estate planning, wills, and financial planning.

In November 2004, the Bank hosted a free home buyer seminar. Two mortgages were originated as a result of this seminar.

Community Development Services:

Everett Co-operative Bank is proactive within its assessment area. Officers, employees, and directors are involved with community organizations that address economic and affordable housing development. Through these involvements, the Bank's staff lends their technical expertise, experience and judgment to these organizations. Following are some examples:

QUALIFIED INVESTMENTS AND SERVICES (CONTINUED)

Community Development Services: (Continued)

Everett Development and Finance Corporation – A Director of the Bank serves as Director of this organization, whose primary objective is to improve the conditions throughout Everett by promoting revitalization, employment, and new business opportunities. This organization also provides direct financing to small businesses in Everett that may not meet normal underwriting standards.

The Community Family – The Bank's Senior Vice President & Senior Loan Officer is a Director of this organization which provides adult day care services to low and moderate-income individuals.

Triangle, Inc. – The Bank's President serves as a Director of this organization which provides placement for the disabled so they can become active members in the community.

The investments and services described above benefit the Bank's assessment area as well as low and moderate-income individuals. This information provides additional support to the Bank's overall rating of "Outstanding."

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 419 Broadway in Everett, Massachusetts.

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing.

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.